

information from government sources, CBO estimates that the direct cost of the mandate would fall well below the annual threshold established by UMRA for private-sector mandates (\$120 million in 2002, adjusted annually for inflation).

The bill would direct the Secretary of Agriculture to acquire the mineral interests without the seller's consent should negotiations for a sale fail after 60 days. Should those negotiations fail, the Secretary of Agriculture would be required to file a declaration of taking with the court. The declaration of taking would force the owners of the geothermal and mineral interests to give up ownership in exchange for a sum equal to the fair market value as determined by the court. As noted above, an appraisal done by the Forest Service in 2001 concluded that the privately held mineral and geothermal interests on the Baca Ranch have a fair market value of almost \$2 million. In December 2001, the Forest Service's offer for purchase of the interests based on this appraisal was rejected.

Estimate Prepared by: Federal Costs: Megan Carroll. Impact on State, Local, and Tribal Governments: Marjorie Miller. Impact on the Private Sector: Selena Caldera.

Estimate Approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

ANNUAL REPORT OF THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

Mr. BYRD. Mr. President, today the U.S.-China Economic and Security Review Commission issued its second major annual report to the Congress, as mandated by the Congress in its enabling statute, P.L. 106-398, October 30, 2000, as amended by Division P of P.L. 108-7 February 20, 2003. I commend it to my colleagues as a comprehensive, insightful and useful examination of the key trends, policies and realities inherent in the U.S./China relationship, and featuring a number of recommendations for the Congress to consider.

It is noteworthy that the Commission adopted this report by a unanimous, bipartisan vote of 11-0. The commission is composed of an equal number of Democratic and Republican appointees, three each by the four leaders of the Senate and the House of Representatives. It is refreshing, indeed, in an era characterized by far too much partisanship and divisiveness, that in its treatment of the often contentious and important issues regarding this growing bilateral relationship, the Commission could reach a unanimous vote. Debates over foreign policy, it has often been said, to be effective, should end at the water's edge, and we should speak as a Nation with one voice to the world. Mr. President, in this report, bipartisan unanimity has been achieved, and by a very diverse group of thoughtful and independent minded Commissioners. I would also point out that this is a purely congressional body, in that all of the commissioners are appointed by the congressional leadership, and the report which is issued is intended to be exclusively advisory to the Congress.

The mandate of the U.S.-China Commission is to "monitor, investigate, and report to Congress on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China." The commission, therefore, takes an expansive view of U.S. national security, which is that our economic health and well-being are fundamental national security matters, including the maintenance of a strong manufacturing base, and the ability to maintain U.S. global competitiveness and a healthy employment level and growth rate. These central economic factors are just as essential to the national security and defense of our Nation as are strong and ready standing armies, navies and air forces equipped with the best weaponry, leadership and operational doctrines.

In addition, the commission has treated, very thoroughly, a series of specific topics mandated in amendments to its charter last year, including China's proliferation practices, China's economic reforms and U.S. economic transfers to China, China's energy needs, Chinese firms' access to the U.S. capital markets, U.S. investments into China, China's economic and security impacts in Asia, U.S.-China bilateral programs and agreements, China's record of compliance with its World Trade Organization, WTO, commitments, and the Chinese government's media control efforts.

Mr. President, I will not recite all the many important conclusions and recommendations for action contained in this timely report. But I point out that the United States needs to be much more proactive and clear-thinking in managing our overall relationship with China, and far more focused on what our goals are in the relationship if we are to advance our national economic and security interests.

The report concludes, overall, that the U.S.-China economic relationship lacks active management. U.S. goals for specific elements of the relationship are too vague or even nonexistent. This is particularly highlighted in the enormous goods trade deficit, some \$123 billion in 2003, and growing rapidly. The United States has the capability to nudge the Chinese into more positive policies and actions, thereby leveling a playing field which China has tilted in the direction of mercantilist behavior, including, in some arenas, intimidating tactics. Issues which have been festering in the WTO, for instance, such as China's artificial manipulation of the value of her currency, continued tolerance of high levels of Intellectual Property Crimes, massive illegal subsidization of Chinese enterprises, resistance to good faith compliance with important WTO procedures, and with many pledges made for progress in proliferation of WMD, all require heightened levels of attention and management by the United States.

The United States certainly has such influence at this period, and for the next few years, because of the enormous dependence of China on our good will, our consumer markets, our manufacturing capability, our technology and our cooperation in many fields. Such dependence will not last forever, however, and it is time that we begin to manage this relationship in ways that will produce more positive and favorable outcomes.

Lastly, Mr. President, this report is studded with recommendations for Congressional action and for joint policy-making efforts between the Congress and the Executive Branch. It recognizes that good policy proceeds from building a strong consensus between our two branches, as well as between our two countries. I encourage my colleagues, many of whom have testified on these matters before the Commission, to examine the recommendations offered for our consideration.

Mr. President, the Commission has today issued this fulsome report, and I ask unanimous consent to have printed in the RECORD the Commission's list of recommendations.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RECOMMENDATIONS TO CONGRESS

CHAPTER 1—CHINA'S INDUSTRIAL, INVESTMENT, AND EXCHANGE RATE POLICIES

Recommendations for dealing with China's currency manipulation

The 1988 Omnibus Trade and Competitiveness Act requires the Treasury Department to examine whether countries are manipulating their exchange rates for purposes of gaining international competitive advantage. The Treasury is to arrive at its finding in consultation with the IMF, which defines manipulation as "protracted large-scale intervention in one direction in the exchange market." The Treasury has repeatedly evaded reporting on this test. The Commission recommends that Congress require the Treasury to explicitly address this test in its required report to Congress. Furthermore, a condition for taking action against a country that manipulates its currency is that an offending country be running a material global current account surplus in addition to a bilateral surplus. The Commission recommends that Congress amend this provision so that a material global current account surplus is not a required condition.

The administration should use all appropriate and available tools at its disposal to address and correct the problem of currency manipulation by China and other East Asian countries. With regard to China, this means bringing about a substantial upward revaluation of the yuan against the dollar. Thereafter, the yuan should be pegged to a trade-weighted basket of currencies, and provisions should be established to guide future adjustments if needed. As part of this process, the Treasury Department should engage in meaningful bilateral negotiation with the Chinese government, and it should also engage in meaningful bilateral negotiations with Japan, Taiwan, and South Korea regarding ending their long-standing exchange

rate manipulation. The administration should concurrently encourage our trading partners with similar interests to join in this effort. The Commission recommends that Congress pursue legislative measures that direct the administration to take action—through the WTO or otherwise—to combat China's exchange rate practices in the event that no concrete progress is forthcoming.

Recommendations for addressing China's mercantilist industrial and FDI policies

The Commission recommends that Congress direct the United States Trade Representative (USTR) and the Department of Commerce to undertake immediately a comprehensive investigation of China's system of government subsidies for manufacturing, including tax incentives, preferential access to credit and capital from state-owned financial institutions, subsidized utilities, and investment conditions requiring technology transfers. The investigation should also examine discriminatory consumption credits that shift demand toward Chinese goods, Chinese state-owned banks' practice of noncommercial-based policy lending to state-owned and other enterprises, and China's dual pricing system for coal and other energy sources. USTR and Commerce should provide the results of this investigation in a report to Congress that assesses whether any of these practices may be actionable subsidies under the WTO and lays out specific steps the U.S. government can take to address these practices.

The Commission recommends that Congress direct the administration to undertake a comprehensive review and reformation of the government's trade enforcement infrastructure in light of the limited efforts that have been directed at enforcing our trade laws. Such a review should include consideration of a proposal by Senator Ernest Hollings (D-SC) to establish an assistant attorney general for international trade enforcement in the Department of Justice to enhance our capacity to enforce our trade laws. Moreover, the U.S. government needs to place an emphasis on enforcement of international labor standards and appropriate environmental standards.

The Commission recommends that Congress direct the administration to work with other interested WTO members to convene an emergency session of the WTO governing body to extend the MFA at least through 2008 to provide additional time for impacted industries to adjust to surges in imports from China.

CHAPTER 2—CHINA IN THE WORLD TRADE ORGANIZATION: COMPLIANCE, MONITORING, AND ENFORCEMENT

The Commission recommends that Congress press the administration to make more use of the WTO dispute settlement mechanism and/or U.S. trade laws to redress unfair Chinese trade practices. In particular, the administration should act promptly to address China's exchange rate manipulation, denial of trading and distribution rights, lack of IPR protection, objectionable labor standards, and subsidies to export industries. In pursuing these cases, Congress should encourage USTR to consult with trading partners who have mutual interests at the outset of each new trade dispute with China.

The Commission recommends that Congress press the administration to make better use of the China-specific section 421 and textile safeguards negotiated as part of China's WTO accession agreement to give relief to U.S. industries especially hard hit by surges in imports from China.

Notwithstanding China's commitments at the April 2004 JCCT meeting, the Commission recommends that Congress press the administration to file a WTO dispute on the

matter of China's failure to protect intellectual property rights. China's WTO obligation to protect intellectual property rights demands not only that China promulgate appropriate legislation and regulations, including enacting credible criminal penalties, but also that these rules be enforced. China has repeatedly promised, over many years, to take significant action. Follow-through and action have been limited and, therefore, the Commission believes that immediate U.S. action is warranted.

The Commission recommends that Congress urge the Department of Commerce to make countervailing duty laws applicable to nonmarket economies. If Commerce does not do so, Congress should pass legislation to achieve the same effect. U.S. policy currently prevents application of countervailing duty laws to nonmarket economy countries such as China. This limits the ability of the United States to combat China's extensive use of subsidies that give Chinese companies an unfair competitive advantage.

The Commission recommends that Congress encourage the administration to make a priority of obtaining and ensuring China's compliance with its WTO commitments to refrain from forced technology transfers that are used as a condition of doing business. The transfer of technology by U.S. investors in China as a direct or indirect government-imposed condition of doing business with Chinese partners remains an enduring U.S. security concern as well as a violation of China's WTO agreement. A WTO complaint should be filed when instances occur.

The Commission recommends that Congress encourage USTR and other appropriate U.S. government officials to take action to ensure that the WTO's Transitional Review Mechanism process is a meaningful multilateral review that measures China's compliance with its WTO commitments. If China continues to frustrate the TRM process, the U.S. government should initiate a parallel process that includes a specific and comprehensive measurement system. The United States should work with the European Union, Japan, and other major trading partners to produce a separate, unified annual report that measures and reports on China's progress toward compliance and coordinates a plan of action to address shortcomings. This report should be provided to Congress. In addition, independent assessments of China's WTO compliance conducted by the U.S. government, such as USTR's annual report, should be used as inputs in the multilateral forum evaluating China's compliance, whether that forum is a reinvigorated and effective TRM or a new process.

The Commission recommends that Congress consider options to assist small- and medium-sized business in pursuing trade remedies under U.S. law, such as through section 421 cases.

CHAPTER 3—CHINA'S PRESENCE IN THE GLOBAL CAPITAL MARKETS

The Commission recommends that Congress reinstate the reporting provision of the 2003 Intelligence Authorization Act [P.L. 107-306, Sec 827] directing the director of Central Intelligence (DCI) to prepare an annual report identifying Chinese or other foreign companies determined to be engaged or involved in the proliferation of weapons of mass destruction or their delivery systems that have raised, or attempted to raise, funds in the U.S. capital markets. The Commission further recommends that Congress expand this provision to require the DCI to undertake a broader review of the security-related concerns of Chinese firms accessing, or seeking to access, the U.S. capital markets. This should include the establishment of a new interagency process of consulta-

tions and coordination among the National Security Council, the Treasury Department, the State Department, the SEC, the Federal Bureau of Investigation (FBI), and the intelligence community regarding Chinese companies listing or seeking to list in the U.S. capital markets. The aim of such an interagency process should be to improve collection management and assign a higher priority to assessing any linkages between proliferation and other security-related concerns and Chinese companies, including their parents and subsidiaries, with a presence in the U.S. capital markets.

The Commission recommends that Congress require mutual funds to more fully disclose the specific risks of investments in China. This should include disclosure to investors of the identities of any local firms subcontracted by funds to perform due diligence on Chinese firms held in their portfolios. Subcontractors' principal researchers, location, experience, and potential conflicts of interest should all be disclosed.

The Commission recommends that Congress direct the Commerce Department and USTR to evaluate whether Chinese state-owned banks' practice of noncommercial-based policy lending to state-owned and other enterprises constitutes an actionable WTO-inconsistent government subsidy and include this evaluation in the report on subsidies recommended in Chapter 1.

In its 2002 Report, the Commission recommended that Congress prohibit debt or equity offerings in U.S. capital markets by any Chinese or foreign entity upon which the State Department has imposed sanctions for engaging in the proliferation of weapons of mass destruction (WMD) or ballistic missile delivery systems. The Commission further believes that Congress should bar U.S. institutional or private investors from making debt or equity investments, directly or indirectly, in firms identified and sanctioned by the U.S. government for weapons proliferation-related activities, whether they are listed and traded in the United States or in the Chinese or other international capital markets. For example, NORINCO, a company sanctioned by the U.S. government, is currently available for purchase on the Chinese A share market. U.S.-based qualified foreign institutional investors that have rights to trade on this exchange should not be permitted to invest in NORINCO or any other firm officially determined to have engaged in the proliferation of WMD or ballistic missiles.

CHAPTER 4—CHINA'S REGIONAL ECONOMIC AND SECURITY IMPACTS AND THE CHALLENGES OF HONG KONG AND TAIWAN

Regional engagement

The Commission recommends that Congress revitalize U.S. engagement with China's Asian neighbors by encouraging U.S. diplomatic efforts to identify and pursue initiatives to demonstrate the United States' firm commitment to facilitating the economic and security needs of the region. These initiatives should have a regional focus and complement bilateral efforts. The Asia-Pacific Economic Cooperation forum (APEC) offers a ready mechanism for pursuit of such initiatives. The United States should consider further avenues of cooperation by associating with regional forums of which it is not a member.

Hong Kong

The Commission recommends that Congress consult with the administration to assess jointly whether the PRC's recent interventions impacting Hong Kong's autonomy constitute grounds for invoking the terms of the U.S.-Hong Kong Policy Act with regard to Hong Kong's separate treatment. This includes U.S. bilateral relations with Hong

Kong in areas such as air services, customs treatment, immigration quotas, visa issuance, and export controls. In this context, Congress should assess the implications of the National People's Congress Standing Committee's intrusive interventions with regard to matters of universal suffrage and direct elections. Congress and the administration should continue to keep Hong Kong issues on the U.S.-PRC bilateral agenda and work closely with the United Kingdom on Hong Kong issues.

Cross-strait issues

The Commission recommends that Congress enhance its oversight role in the implementation of the Taiwan Relations Act. Executive branch officials should be invited to consult on intentions and report on actions taken to implement the TRA through the regular committee hearing process of the Congress, thereby allowing for appropriate public debate on these important matters. This should include, at a minimum, an annual report on Taiwan's request for any military equipment and technology and a review of U.S.-Taiwan policy in light of the growing importance of this issue in U.S.-China relations.

The Commission recommends that the Congress and the administration conduct a fresh assessment of the one China policy, given the changing realities in China and Taiwan. This should include a review of:

The policy's successes, failures, and continued viability;

Whether changes may be needed in the way the U.S. government coordinates its defense assistance to Taiwan, including the need for an enhanced operating relationship between U.S. and Taiwan defense officials and the establishment of a U.S.-Taiwan hotline for dealing with crisis situations;

How U.S. policy can better support Taiwan's breaking out of the international economic isolation that the PRC seeks to impose on it and whether this issue should be higher on the agenda in U.S.-China relations. Economic and trade policy measures that could help ameliorate Taiwan's marginalization in the Asian regional economy should also be reviewed. These should include enhanced U.S.-Taiwan bilateral trade arrangements that would include protections for labor rights, the environment, and other important U.S. interests.

To support this policy review, the Commission recommends that the appropriate committees of Congress request that the executive branch make available to them a comprehensive catalogue and copies of all the principal formal understandings and other communications between the United States and both China and Taiwan as well as other key historical documents clarifying U.S. policy toward Taiwan.

The Commission recommends that Congress consult with the administration on developing appropriate ways for the United States to facilitate actively cross-strait dialogue that could promote the long-term, peaceful resolution of differences between the two sides and could lead to direct trade and transport links and/or other cross-strait confidence-building measures. The administration should be directed to report to Congress on the status of cross-strait dialogue, the current obstacles to such dialogue, and, if appropriate, efforts that the United States could undertake to promote such a dialogue.

CHAPTER 5—CHINA'S PROLIFERATION PRACTICES AND THE CHALLENGE OF NORTH KOREA

Should the current stalemate in the Six Party Talks continue, the Commission recommends that Congress press the administration to work with its regional partners, intensify its diplomacy, and ascertain North Korean and Chinese intentions with a de-

tailed and staged proposal beginning with a freeze of all North Korea's nuclear weapons programs, followed by a verifiable and irreversible dismantlement of those programs. Further work in this respect needs to be done to determine whether a true consensus on goals and process can be achieved with China. If this fails, the United States must confer with its regional partners to develop new options to resolve expeditiously the standoff with North Korea, particularly in light of public assessments that the likely North Korean uranium enrichment program might reach a stage of producing weapons by 2007.

The Commission recommends that Congress press the administration to renew efforts to secure China's agreement to curtail North Korea's commercial export of ballistic missiles and to encourage China to provide alternative economic incentives for the North Koreans to substitute for the foreign exchange that would be forgone as a result of that curtailment.

As recommended in the Commission's 2002 Report, and now similarly proposed by President Bush and the U.N. Secretary General, the Commission reiterates that Congress should support U.S. efforts to work with the U.N. Security Council to create a new U.N. framework for monitoring the proliferation of weapons of mass destruction and their delivery systems in conformance with member nations' obligations under the Nuclear Non-Proliferation Treaty, the Biological Weapons Convention, and the Chemical Weapons Convention. This new monitoring body would be delegated authority to apply sanctions to countries violating these treaties in a timely manner or, alternatively, would be required to report all violations in a timely manner to the Security Council for discussion and sanctions.

As recommended in the Commission's 2002 Report, the Commission reiterates that Congress should act to broaden and harmonize proliferation sanctions by amending all current statutes that pertain to proliferation to include a new section authorizing the president to invoke economic sanctions against foreign nations that proliferate WMD and technologies associated with WMD and their delivery systems. These economic sanctions would include import and export limitations, restrictions on access to U.S. capital markets, restrictions on foreign direct investment into an offending country, restrictions on transfers by the U.S. government of economic resources, and restrictions on science and technology cooperation or transfers. The new authority should require the President to report to Congress the rationale and proposed duration of the sanctions within seventy-two hours of imposing them. Although the president now has the authority to select from the full range of economic and security-related sanctions, these sanctions are case specific and relate to designated activities within a narrow set of options available on a case-by-case basis.

CHAPTER 6—CHINA'S ENERGY NEEDS AND STRATEGIES

The Commission recommends that Congress direct the secretaries of State and Energy to consult with the International Energy Agency with the objective of upgrading the current loose experience-sharing arrangement, whereby China engages in some limited exchanges with the organization, to a more structured arrangement whereby the PRC would be obligated to develop a meaningful strategic reserve, and coordinate release of stocks in supply disruption crises or speculator-driven price spikes.

The Commission recommends that Congress encourage work that increases bilateral cooperation in improving China's energy

efficiency and environmental performance, such as further cooperation in Clean Coal Technology and waste-to-liquid-fuels programs, subject to any overriding concerns regarding technology transfers. Further, the commission recommends that Congress direct the State and Energy departments, and the intelligence community, to conduct an annual review of China's international energy relationships and its energy practices during times of global energy crises to determine whether such U.S. assistance continues to be justified.

The Commission recommends that the Commerce Department and USTR investigate whether China's dual pricing system for coal and any other energy sources constitutes a prohibited subsidy under the WTO and include this assessment in the Commerce/USTR report on subsidies recommended in Chapter 1.

CHAPTER 7—CHINA'S HIGH-TECHNOLOGY DEVELOPMENT AND U.S.-CHINA SCIENCE AND TECHNOLOGY COOPERATION

The U.S. government must develop a coordinated, comprehensive national policy and strategy designed to meet China's challenge to the maintenance of our scientific and technological leadership. America's economic competitiveness, standard of living, and national security are dependent on such leadership. The Commission therefore recommends that Congress charge the administration to develop and publish such a strategy in the same way it is presently required to develop and publish a national security strategy that deals with our military and political challenges around the world. In developing this strategy, the administration should utilize data presently compiled by the Department of Commerce to track our nation's technological competitiveness in comparison with other countries.

The Commission recommends that Congress revise the law governing the CFIUS process (Title VII of the Defense Production Act)—which gives the president authority to investigate mergers, acquisitions, or takeovers of U.S. firms by foreign persons if such activities pose a threat to national security—to expand the definition of national security to include the potential impact on national economic security as a criterion to be reviewed. In this regard, the term national economic security should be defined broadly without limitation to particular industries.

The Commission recommends that Congress direct the administration to transfer chairmanship of CFIUS from the Secretary of the Treasury to the Secretary of Commerce.

CHAPTER 8—CHINA'S MILITARY MODERNIZATION AND THE CROSS-STRAIT BALANCE

The annual report to Congress recommended in Chapter 4 on Taiwan's requests for military equipment and technology should include an assessment of the new military systems required by Taiwan to defend against advanced PRC offensive capabilities.

As recommended in Chapter 4, Congress and the administration should review the need for a direct communications hotline between the United States and Taiwan for dealing with crisis situations. This is important in light of the short time frame of potential military scenarios in the Strait, together with Chinese strategic doctrine emphasizing surprise and deception.

The Commission recommends that Congress urge the president and the secretaries of State and Defense to press strongly their European Union counterparts to maintain the EU arms embargo on China.

The Commission recommends that Congress direct the administration to restrict foreign defense contractors who sell sensitive military-use technology or weapons

systems to China from participating in U.S. defense-related cooperative research, development, and production programs. This restriction can be targeted to cover only those technology areas involved in the transfer to China.

The Commission recommends that Congress request the Department of Defense to provide a comprehensive annual report to the appropriate committees of Congress on the nature and scope of foreign military sales to China, particularly from Russia and Israel.

CHAPTER 9—MEDIA AND INFORMATION CONTROL IN CHINA

On June 30, 2003, the Commission recommended that Congress direct the Broadcasting Board of Governors to target funds for efforts aimed at circumventing China's Internet firewall through the development of anticensorship technologies and methods. Congress approved such funding as part of the 2004 Omnibus Appropriations Act. The Commission recommends that Congress continue this program with enhanced resources, pending successful results for the current fiscal year.

As recommended in the Commission's 2002 Report, the Commission reiterates that Congress should direct the Department of Commerce and other relevant agencies to conduct a review of export administration regulations to determine whether specific measures should be put in place to restrict the export of U.S. equipment, software, and technologies that permit the Chinese government to surveil its own people or censor free speech.

The Commission recommends that Congress approve legislation to establish an Office of Global Internet Freedom within the executive branch, tasked with implementing a comprehensive global strategy to combat state-sponsored blocking of the Internet and persecution of users. The strategy should include the development of anticensorship technologies.

The Commission recommends that Congress encourage the administration to press China to freely admit U.S. government-sponsored journalists, such as those representing the Voice of America and Radio Free Asia. China frequently denies visas for such journalists, despite the fact that China's state-sponsored journalists are freely admitted in the United States. Options should be considered for linking Chinese cooperation to concrete consequences, including the possible use of U.S. visas for Chinese government journalists as leverage to gain admission of more U.S. government-supported journalists to China.

TRIBUTE TO RONALD AND NANCY REAGAN

Mr. LEAHY. Mr. President, we have come to the close of several days of tribute to our late President, Ronald Reagan. So much has been said about President Reagan's buoyant spirit and about the contributions he made to our Nation, and these tributes have helped millions of Americans with the healing process that comes with the death of so popular and beloved a leader.

Though much has already been said about President Reagan, I do want to pay special tribute today to our former First Lady, Nancy Reagan.

For me—and, I suspect, for millions of other Americans—some of the most stirring images of this memorable week have been of Nancy Reagan and

her family. We saw again, and so clearly, her strength, her compassion and her deep love for her husband.

Ever since President Reagan's deeply moving announcement to his fellow citizens and to the world that he was suffering from Alzheimer's disease, I have watched Mrs. Reagan conduct herself with compassion, loyalty, competence and caring that have been an inspiration to the thousands of family members who every day struggle to cope with loved ones suffering from this disease or from any of the long variety of other disorders that can come upon us in our older ages—and sometimes far earlier than that.

The Alzheimer's Association estimates that 4.5 million Americans today suffer from this debilitating disease. Often, family members and especially, spouses—end up as primary caregivers to their partners or other family members. Along with the emotional pain and heartbreak of watching the mind of a loved one slowly fade away, many caregivers are ill-equipped to handle the many facets of the illness that present themselves over the duration of this mental and physical struggle. Their own physical health suffers. Managing a job or any other activity outside the home becomes almost impossible.

I believe Nancy Reagan is an inspiration to so many Americans. The love that she and her husband so clearly showed to each other comforted and sustained their marriage in sickness, as it did in health.

Marcelle and I extend our best wishes to Mrs. Reagan and to the entire Reagan family.

AUSTRALIA FREE TRADE AGREEMENT

Mr. BAUCUS. Mr. President, in the book of Ecclesiastes, the Preacher spoke of how there is "a time to plan, and a time to uproot." The American farmer has known this truth from the first days when Indians first walked to this continent.

Those of us who are privileged to represent rural States know well the times of American farmers and ranchers. No matter what the time, their concerns are never far from our thoughts.

Times have changed for American agriculture, and for American jobs. In 1900, 37 percent of American workers worked in agriculture. Now, only about 2 percent do.

Of course, it doesn't seem like 2 percent to rural States such as Montana, North Dakota, and South Dakota, where agriculture can still account for as much as 50 percent of the economy.

But that is the reality: American farmers are more productive than ever. And because productive American agriculture produces more than American households consume, exports are as important as ever. That is why American farmers have been among the strongest supporters of international trade.

And it is about that intersection between American agriculture and international trade that I rise to speak today.

Last month, the United States and Australia signed a free trade agreement, taking an important step to connect two of the world's most vibrant economies. This agreement creates opportunities for both countries. For Australia, it offers integration with the world's largest economic power. For the United States, it offers a link to an Australian market that has one of the highest standards of living in the world—and is a key platform to markets in Asia.

In the coming weeks, we will hear about the significant economic benefits of this agreement. But I think we should also look at this agreement in a broader context. First, we need to take a balanced look at the agreement and assess its costs and benefits. Second, we need to view the Australia agreement in the context of our larger trade agenda.

The benefits of the Australia agreement are compelling—particularly in the context of the current debate over jobs moving overseas.

When compared to some of the other agreements that the administration is negotiating, Australia offers real benefits. And it is not subject to some of the traditional criticisms.

Compare the debate over the Australia agreement to the debate over the Central America agreement. Critics of CAFTA contend that Central America's lower labor and environmental standards will undercut jobs here at home. I share some of these concerns and continue to work hard on strengthening these standards.

Yet, with the Australia agreement, this tension disappears. Australian workers enjoy high labor standards. Australia protects its environment.

More importantly, Australian consumers want U.S. manufactured goods. Australia is one of the few countries where the U.S. enjoys a trade surplus. This fact helps explain the strong support of U.S. manufacturers for this agreement—which they estimate will result in \$2 billion more in exports every year.

This free trade agreement offers clear benefits to the U.S. economy and to U.S. workers.

Thus the Australia agreement does not raise the usual concerns over labor and the environment. But it does raise concerns over agriculture. And farmers are usually stalwart supporters of free trade.

Their anxieties are understandable. Australia is a major exporter of many of the same commodities that Americans produce—particularly beef, dairy, and sugar. Yet, Australia offers a relatively small consumer market in exchange. So, while Australian farmers would get increased access to our consumer market of around 250 million people, our farmers would get increased access to an Australian consumer market that is much smaller.